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Ag84 Pro

Answers to questions farmers ask about the wheat program

Why do we have a wheat program?

Wheat growers—acting alone—have been unable to prevent overproduction and low prices for wheat. This is due in part to increased efficiency of production. Acting together, through a Federal program, wheat growers can avoid disastrously low prices, and can meet all domestic and export needs for wheat. The Nation's interest in wheat is based on need for this crop as a basic food, as a major export, and because the producers and the crop are vital to a sound economy.

How could we expect to fare without a wheat program?

Wheat production would be larger than markets could take. There would be little change in demand for wheat as food. Excess supplies would lead to very low prices for the grain. Men's efforts, money and equipment, and our irreplaceable soil resources would be wasted on unneeded production.

Why do we have a new program for 1964?

The old program failed to avoid too much wheat production and a buildup of surplus wheat in expensive storage. The minimum national acreage

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allotment of 55 million acres was too large, and quota exemptions for small acreages offset part of the effect of quotas on other farms. The new program can give growers an opportunity to sell their wheat at fair prices. It can reduce taxpayers costs to a reasonable level. Growers will have income protection while wheat production is brought into line with demand.

How does the new program differ from the old?

The new program is much like that we had for the 1962 crop. Wheat acreage will be about the same. Many growers will note little difference between this and the wheat program of years past. Their income from wheat land will be maintained at the 1961-62 level. The major difference is the new two-price system of price support. A loan of \$2 per bushel (national average) will be available to eligible growers on 80 percent of the normal production of their acreage allotments. All other wheat produced on their acreage allotments will have a price support loan available at \$1.30 per bushel (national average). Diversion payments will enable growers to earn income from conservation use of acreage diverted from wheat, and avoid overproduction of wheat and other crops. The diversion program will make it possible to continue to reduce the excess stocks of CCC-owned wheat, which have cost taxpayers heavily in recent years.

What does the program offer a wheat grower?

This program provides increased freedom for farmers to make their plans on the basis of sound management decisions through these features:

- The two-price system will make wheat available at the current market levels for use as food and for exports, and at a lower level as livestock feed;
- Payments for conservation use of acreage diverted from wheat will maintain growers' income while wheat supplies are adjusted to a common sense level;

- With a feed grain diversion program, the substitution feature will provide farmers an opportunity to grow the grain best suited to their operation (on their combined wheat and feed grain acres), without increasing the total supply of grain; and

- The wheat marketing certificates with a face value of 70 cents a bushel will insure some return from wheat acreage even if the crop fails.

How does the program provide for future changes in conditions of supply and demand for the several classes of wheat?

Both the open market and the price-support program offer premiums on wheat in high demand. Both discount wheat of low quality and limited demand. In the event any class of wheat is found to be in short supply, acreage allotments for that class may be increased.

What changes might be made in program provisions after the referendum for the 1964 crop?

The law prohibits any reductions in allotments, in loan rates or certificate allocations for a crop after their announcement prior to the marketing quota referendum.

If more than one-third of the eligible growers voting should turn down the marketing quota program, how would too much wheat—priced too cheap—affect other farm crops and livestock?

Wheat not needed for food would move into the feed grain market at cut-rate prices. Cheap feed would boost livestock production. Total wheat production would expand despite the probable shift of some wheat acreage in the more humid areas to soybeans and other crops, which would have their presently favorable supply and demand balance upset. Loss of the balanced condition the Federal programs have given to a major part of agriculture would result in long-term hardships for most farmers.

Under the new law, will another referendum be held next year?

Yes. Regardless of the outcome of the referendum on May 21, 1963, excess supplies will require setting a marketing quota and holding another referendum in the spring of 1964. The referendum next year would apply to the 1965 crop.

Summary

The wheat marketing quota referendum on May 21 this year will determine what program features will apply to the 1964 crop. If quotas are approved by at least two-thirds of those voting, support prices will be \$2 a bushel (national average) for certificated wheat and \$1.30 (national average) for non-certificated wheat for those growers who participate in the program. In addition, producers may earn payments for diverting wheat land to soil conserving uses. Wheat growers' income will be maintained at the 1961-62 level.

If quotas are not approved, there will be no quotas, no payments, no certificates, and price support will be available at 50 percent of parity (about \$1.25 national average) only for producers who plant within their 1964 acreage allotments. The 49.5 million-acre national allotment will continue in effect for the 1964 crop. It is estimated that without quotas, market prices for wheat would average about \$1 a bushel.